

Regolith RELF Fund - Real Estate Liquidation Fund

Series Name:	Real Estate Liquidation Fund (RELFX)
Fund Category:	US Real Estate Income
Price (per unit):	\$10 000 USD (Indexed quarterly on last day of month)
Minimum Entry:	\$100 000 USD (10 units)
Structure:	Open End Series Income Fund with Daily NAVpu price
Fees:	Deal Fee - 1% Success Fee of 30% (charged quarterly) Management fee of 1% per annum (charged monthly) Exit fee - 0% (3% if taken before 1 year holding period)
Profit Distribution:	Quarterly (First day of each new quarter for previous one)

Investment Thesis:

The Fund buys and sells real estate in South Florida (Miami to West Palm Beach corridor) and Houston, Texas metropolitan areas. Texas and Florida are business friendly US States with low tax regimes and high population growth.

The Fund buys Tax Liens and Tax Certificates with Redemption Period Reimbursement Rates of 12% - 25%. These Liens and Certificates are backed by the property 2x-10x.

The Fund also has a mandate to buy Land, Homes and Commercial Property at Auction after foreclosures. Foreclosure acquisitions also typically come with Redemption Periods. Prices at Auction are typically at least 30% discount to MARKET VALUE (70% ARV – “After Repair Value”).

The Fund will passively accrue high interest income until the Redemption Period Expires.

The Accrued Interest is either Paid in Full before End Period Redemption or the Fund takes ownership of the property, Fixes all Financial Encumbrances, make all Necessary Repairs, then Lists & Sells the Property for Returns exceeding 30%.

The Fund Returns the Investor Capital at CLOSING OF SALE to the Master Fund, gain on the property is distributed in form of quarterly profit payment to financial investors and the principle paid in fund balance is re-Invested into another Property Foreclosure, Tax Lien or Tax Certificate.

Typical cycle on a given transaction is 6-9 months.

1. Attend the tax lien sale in the Harris county or another county tax department, bringing an acceptable form of payment, such as cash or cashier’s check, and then bid on tax lien properties. If the fund presents a winning bid, then pays the county, and the county will then issue a Sheriff’s Deed for the property purchased. Delinquent tax property deeds are sold to the highest bidder.

2. A tax certificate is an interest bearing “lien” for unpaid real estate and non-ad valorem assessments. They are a first lien against property and supersede governmental liens.
3. The tax certificate’s face amount consists of the sum of the following: delinquent real estate tax (unpaid amount), interest (3% on the delinquent amount), Tax Collector’s commission (5% on the delinquent amount) and the newspaper’s advertising charge (& sale costs or other costs). The interest on a tax certificate will vary up to 25%. Simple interest accrues on a monthly basis. The life of the certificate is up to 7 years.
4. To pay off a tax certificate, the property owner must pay delinquent taxes, accrued interest and advertising costs. Upon redemption, the Tax Collector’s office reimburses the tax certificate holder/investor all monies due. The Fund then distributes a profit distribution to series unit holders.
5. If the property owner fails to pay delinquent taxes within one to two years from the date of delinquency, the tax certificate holder/ investor may file a tax deed application. A tax deed application may result in a Tax Deed Foreclosure and transfer of property.
6. If property transfer occurs, the Fund will list and sell the property after making necessary improvements and ultimately distribute the gains to Fund unit holders plus any accrued interest.

Fund Management:

The Fund is sponsored by Regolith and its affiliates. The asset manager is selected by Regolith. The legal team managing the auction and foreclosure process is located in Miami, USA. The physical plant and general contractor team is located in Houston, Texas. The Legal Advisor to the Fund has over 30 years experience in real estate transactions and previously was a banker with JP Morgan and was CEO of a public company in the European Union.. The General Contractor has over 12 years experience building and selling homes in the Houston, Texas area.

RELEVANT DOCUMENTS

1) Prospectus - RELF Fund January 2024

https://docs.google.com/document/d/118URglwujP3_8BajMaqj-GSBMDLNBNBceHHDcmkDISI/edit?usp=drive_link

2) SAI - Supplement Additional Information - RELF Fund January 2024

<https://docs.google.com/document/d/1scsF7xaCIAFaUtgzucqprpEqdFMj4HfY/edit>

3) Presentation_Slides_RELf

https://docs.google.com/presentation/d/1BaIp7OVqB2k5RGL-Gwc-yAAFdTpNikBSi-doOqpaYPY/edit#slide=id.g25482883394_2_99

Client Suitability

Prior to the admission of participation, the participant shall complete some form of client suitability assessment.

Prior to the admission of participation, the participant shall complete a KYC process, sign a W-8 form and agree to all terms and conditions for admission to the Fund and all its series.

To the extent the offer and sale of the Securities pursuant to this Agreement is intended to be exempt from registration pursuant to Regulation S and/or Regulation D, each Participant severally and not jointly represents, warrants and agrees that such Participant:

- is not a U.S. Person, as such term is defined in Regulation S;
- is outside the United States at the time any order pursuant to this Agreement is originated and this Agreement is executed and delivered;
- if, for any reason, the participant is a US citizen and/or resident of the US, they must qualify as an accredited investor;
- will not, during the period commencing on the date of admission to the Fund and any or its individual series and ending on the six (6) months anniversary of such date, or such shorter period as may be permitted by Regulation S or other applicable securities law ("Compliance Period"), offer, sell, pledge or otherwise transfer the Securities in the United States, or to a U.S. Person, or to any other person outside the Fund and its specific series and without doubt will not attempt to transfer that might benefit a U.S. Person, or otherwise in a manner that is not in compliance with Regulation S.

Risk Factors:

The value of the investment is based on the Net Asset Value per unit (NAVpu) of the Fund which uses a marked-to-market valuation and therefore may fluctuate daily or in some cases may not change for long periods of time. Investment in a private pooled asset series Fund holding stocks and cash securities does not provide guaranteed returns. Principal and earnings from investment in the Fund can be lost in whole or in part when the NAVpu at the time of redemption is lower than the NAVpu at the time of admission.

The Fund which shall be substantively invested in stocks during the trading session and is exposed to the following risks;

- **Market Risk:** The value of the Company shares and the Fund's investment in them can fluctuate based on market conditions, industry trends, and other factors beyond the Fund's control.
- **Regulatory Risk:** The regulatory landscape for the industry in which the Company operates is evolving and may impact the Company operations and the value of its shares.
- **Liquidity Risk:** The Fund's ability to buy or sell the Company's shares may be limited, which could affect the Fund's ability to respond to market conditions or investor redemption requests.
- Investors are encouraged to review the risk factors outlined in the Fund Declaration and consult with their financial advisors before making any investment decisions.
- **Market/Price Risk.** This is the possibility for a participant to experience losses due to changes in market prices of securities (e.g., bonds, equities and other assets). It is the exposure to the uncertain market value of a portfolio due to price fluctuations. The value of assets and liabilities can fluctuate over a given time period because of general market conditions, economic changes or other events that impact large portions of the market such as political events, natural calamities, etc.
- **Offsetting/Hedging Risk.** This is the possibility for a participant to experience losses brought about by the inherent risks which the underlying investment is exposed to despite the use of a hedging instrument. Hedging is the act of reducing the exposure of the underlying investment from its risks. There is no guarantee that the effectiveness of a hedging instrument shall remain throughout the term of the underlying investment. Should the hedging instrument become ineffective, liquidating based on market prices may result in market losses.
- **Other Risks.** Additional risks are described in the Risk Disclosure document which is an integral part of participation in the Fund.
- There is the possibility for a participant to experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion trading in securities with small or few outstanding issues, absence of buyers, limited buy/sell activity or an underdeveloped capital market. Securities in various investment vehicles, segregated portfolios and private Funds may be illiquid which may prevent the redemption of investments until they are converted to cash.

Other Information

The Fund enters into contractual arrangements with various parties, including, among others, the Fund's investment advisers, administrators and distributors who provide services to the Fund. Participants of the Fund are not parties to, or intended (or "third-party") beneficiaries of, any of those contractual arrangements, and those contractual arrangements are not intended to create in any individual participant or group of participants any right to enforce such contractual

arrangements against the service providers or to seek any remedy under such contractual arrangements against the service providers, either directly or on behalf of the Fund.

The fund, the Adviser, any distributors, and/or their affiliates may pay intermediaries, which may include banks, broker-dealers, retirement plan sponsors, administrators, or service-providers (who may be affiliated with the Adviser or Distributor), for the sale of fund shares and related services. These payments may create a conflict of interest by influencing your intermediary and your investment professional to recommend the fund over another investment. Ask your investment professional or visit your intermediary's web site for more information.

This Series Supplement provides information concerning the Fund and the Fund that you should consider in determining whether to purchase units of the Fund. None of this supplement, the Fund Rules or any document used as an exhibit by the Fund, is intended to, nor does it, give rise to an agreement or contract between the Fund or the Fund and any investor, or give rise to any contract or other rights in any individual participant, group of participants or other person other than any rights conferred explicitly by federal or state securities laws that may not be waived.

The Fund may charge participants and pay for services to financial intermediaries, such as banks, broker-dealers, financial advisors, traders or other financial institutions, including affiliates of the Fund advisor and administrator, for sub-administration, sub-transfer agency and other shareholder services associated with participants series units representing assets held of record in omnibus accounts, other group accounts or accounts traded through registered securities clearing agents.

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Closing the Fund. The Fund retains the right to close the Fund (or partially close the Fund) to new purchases if it is determined to be in the best interest of participants. Based on market conditions, and in consultation with the Adviser, the Fundee may decide to close the Fund to new investors, all investors or certain classes of investors (such as fund supermarkets) at any time. If the Fund is closed to new purchases it will continue to honor redemption requests according to the redemption rules, unless the right to redeem units has been temporarily suspended as permitted by federal law.

Important Note: This attachment is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any securities. The offering of member units in the Fund is subject to the terms and conditions set forth in the Prospectus and SAI. Potential investors should carefully review the relevant documents and all other documents associated with the SPV and consult with their legal and financial advisors before making any investment decisions.

Disclaimer: This document contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those projected in the forward-looking statements. The Fund undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

YOU HEREBY VOLUNTARILY AND WILLINGLY AGREE TO COMPLY WITH ANY AND ALL APPLICABLE LAWS, REGULATIONS, TERMS AND CONDITIONS AS MAY BE AMENDED FROM TIME TO TIME, GOVERNING YOUR PARTICIPATION IN THE TRUST AND ITS VARIOUS INVESTMENT VEHICLES, SERIES, SEGREGATED PORTFOLIOS AND THE SECURITIES THEY MAY INVEST IN.

